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July 5, 1995

Federal Communications Commission  
Office of the Secretary  
1919 M Street, N.W.  
Washington, DC. 20554

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**Ex Parte Comments Re:**

Further Notice of Proposed Rule Making - June 23, 1995

In the Matter of PP Docket No. 93-253; GN Docket No. 90-314 and  
GN Docket No. 93-252 ✓

The PCS - C Band Auction is an important opportunity for small minority controlled businesses to enter the wireless communications arena. Along with the proposed change in rules, I recommend that the Commission implement an additional rule change to increase the chances of locally based and locally focused small businesses to win the spectrum license in their local area.

**RECOMMENDATION:**

Assist groups with a local focus. Create an incentive plan that works to distribute a large number of the top 50 BTAs in the C Band to small businesses. Limit the use of the incentives by the number of licenses won. That is, give the maximum benefits only to small businesses who win one license in the largest 50 BTAs. If a group wins more than one license in the top 50 BTAs, it would receive reduced incentives -- at the next lower level. See Attached Chart.

**PREMISE:**

Analysis of the use of minority and gender based incentives in the Narrowband PCS auctions shows that typically, the winning small businesses apply their incentives to geographic areas that they are most familiar and comfortable in doing business.

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The loss of gender and minority based incentives in the C- Band Auction can be compensated for by limiting the number of licenses for which the maximum benefits will be available.

By limiting the maximum benefits to the first license won -- in the top 50 BTAs, it would give local small businesses a more level playing field. Presently, there are many opportunities for potential winners to operate successful PCS businesses with one license. For example, there are a number of national umbrella organizations actively recruiting potential PCS spectrum winners. Moreover, there are opportunities to join local and regional consortiums.

**CLOSING**

This simple change in the application of "maximum benefits" for small businesses will help in distributing the top 50 BTAs to locally based, locally focused and locally funded groups.

There is no economic, competitive or social reason to assist large national "small business" consortiums who are well funded and backed by large national and international corporations. Give locally focused businesses the best chance to win licenses in our local markets. These are the markets we know best, the markets where we live, where we have raised our funding and have they best chance to succeed.

  
Harvey Leong

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**CHART A: Rules to Apply To The Top 50 BTA Licenses**

| Condition  | Discount Level | Financing   | Down Payment |
|--|----------------|---|--------------|
| <p>If "Small Business" Bidder (&lt; \$40MM Revenues) Meets Following Conditions:</p> <p><u>A. Wins Only One BTA - License (in top 50 BTAs)</u></p> <p><u>B. Control Group Lives In Or Within 250 Miles Of BTA - License Area (Optional)</u></p> <p><u>C. Group Raises At Least 51% If Its Funding For License From Individuals Living In BTA - License Area (Optional)</u></p> | 25 %           | 6 Yrs Interest Only At 10 Yr Treasury Bill Rate                         | 10 %         |
| If "Small Business" Bidder Wins Two BTA - Licenses   | 15 %           | Interest only for 3 years; rate equal to 10 year Treasury note          | 10 %         |
| If "Small Business" Bidder Wins Three Or More BTA - Licenses   | 10 %           | Interest only for 2 years; rate equal to 10 year Treasury note+ 2.5 %   | 10 %         |
| "Entrepreneurial Business" (For businesses with revenues greater than \$75 MM, avail. only in top 50 markets)  | 0              | Interest only for 1 yr; rate equal to 10 year Treasury note plus 2.5 %; | 10 %         |